

Message Text

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PAGE 01 STATE 017173

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INFO OCT-01 NEA-09 ISO-00 CU-02 RSC-01 COME-00 USIA-06

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DRAFTED BY EB/CBA/BP:RJBUSHNELL:VJW

APPROVED BY EB/CBA/BP:HJWINTER

NEA/ARP - SWBUCK (DRAFT)

USIA/NEA/INA - MR. PENNEY (DRAFT)

COMM/CG&SD/OBRA- MR. NELSON (SUB)

----- 028933

P 241812Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA PRIORITY

INFO AMEMBASSY ABU DHABI PRIORITY

AMEMBASSY KUWAIT PRIORITY

AMEMBASSY MANAMA PRIORITY

C O N F I D E N T I A L STATE 017173

E.O. 11652: GDS

TAGS: SCUL, XF, EGEN

SUBJECT: THREATENED BOYCOTT OF MPEAA FILMS

REF: JIDDA 0452 (NOTAL)

1. DEPARTMENT OFFICERS DISCUSSED PRICING DISPUTE WITH
MOTION PICTURE EXPORT ASSOCIATION OF AMERICA (MPEAA)
EXECUTIVE VICE PRESIDENT GRIFFITH JOHNSON AND VICE PRESI-
DENT RESPONSIBLE FOR TELEVISION, WILLIAM FINESHRIBER.
MPEAA EXECUTIVES FIRMLY DENIED THAT PRICE INCREASES WERE
MOTIVATED BY POLITICAL OR ANTI-ARAB CONSIDERATIONS.
RATHER, THE INCREASES WERE PART OF A WORLDWIDE EFFORT TO
SET MINIMUM PRICES AT A LEVEL MORE CLOSELY RELATED TO
COST FACTORS. DURING PAST YEAR, MINIMUM PRICES HAVE BEEN
ESTABLISHED AT HIGHER LEVELS IN SOME 25 COUNTRIES INCLUDING
SUCH NON-ARAB AREAS AS THE NETHERLANDS, ITALY, BELGIUM,
FRANCE, SWEDEN AND SEVERAL LATIN AMERICAN STATES. MPEAA
STATES THAT IT RESORTS TO MINIMUM PRICES ONLY IN DEALING
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PAGE 02 STATE 017173

WITH IMPORT MONOPOLIES, WHICH OFTEN IGNORE MARKET FACTORS

IN THEIR TRADING PRACTICES.

2. ACCORDING TO THE MPEAA, THE PRICE CHANGES HAD NOTHING TO DO WITH THE OCTOBER WAR OR SUBSEQUENT INCREASE IN OIL PRICES. SHUBAILY AND OTHER ARAB TV OFFICIALS HAVE KNOWN SINCE APRIL 1973 (SIX MONTHS BEFORE OCTOBER WAR) THAT MPEAA WAS CONSIDERING RAISING PRICES. MPEAA REPRESENTATIVES

DISCUSSED THEIR PRICING PLANS WITH ARAB TV OFFICIALS IN SOME DETAIL DURING THE APRIL 1974 MIP-TV CONFERENCE AT CANNES. THEREFORE, MPEAA BELIEVES SHUBAILY KNOWS HIS CLAIM OF POLITICAL MOTIVATION IS INACCURATE, BUT HE IS USING IT TO PERSUADE USG TO PRESSURE MPEAA INTO LOWERING PRICES.

3. MPEAA PARIS REPRESENTATIVE, GRONICH, HAS RECEIVED CABLE FROM ESA MOHAMMAD AL KHALIFA, SUPERINTENDENT, GENERAL MINISTRY OF INFORMATION, BAHRAIN, INVITING MPEAA TO ATTEND "COORDINATING MEETING ON GULF TELEVISION" IN BAHRAIN FEBRUARY 10-12. MPEAA STILL CONSIDERING THE INVITATION, BUT IS LEANING TOWARD DECISION TO SEND A REPRESENTATIVE WHO CAN PRESENT MPEAA VIEWS EFFECTIVELY. DEPARTMENT OFFICERS RECOMMENDED THAT MPEAA SEND CAREFULLY SELECTED, ARTICULATE REPRESENTATIVE WHO COULD SPEAK WITH AUTHORITY OF MPEAA'S WORLD-WIDE PRICING POLICY AND WHOSE APPROACH WOULD BE FIRM BUT NOT HAUGHTY, RIGID OR AGGRESSIVE. IT MAY BE TOO LATE TO HEAD OFF BOYCOTT, AND ANY DECISION ON THE MATTER MAY NOT BE BASED ON LOGIC, BUT REASONABLE APPROACH MIGHT WELL MAKE UNWELCOME PRICE SITUATION ACCEPTABLE.

4. ALTHOUGH MPEAA OFFICIALS STATED THEY HOPE TO AVOID A BOYCOTT, COUNTRIES MENTIONED BY SHUBAILY ACCOUNT FOR LESS THAN ONE-HALF OF ONE PERCENT OF MPEAA WORLD-WIDE BUSINESS. IN FACT, ENTIRE AREA INCLUDING LEBANON, ISRAEL AND EGYPT ONLY ACCOUNT FOR .8 PERCENT OF MPEAA WORLD INCOME.

5. FYI - MPEAA OFFICIALS STATED THEIR REPRESENTATIVES HAVE NEVER BEEN FAVORABLY IMPRESSED BY SHUBAILY PERSON-
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PAGE 03 STATE 017173

ALLY OR BY HIS CLAIMS TO POWER AND INFLUENCE IN SAUDI ARABIA OR THE GULF STATES. MPEAA CONVINCED BOYCOTT THREAT ORIGINATES FROM AN AMERICAN CITIZEN RESIDENT IN BAHRAIN, GEORGE HAMILTON, WHOSE U.S. FIRM HAS FRANCHISE FOR OPERATING A COMMERCIAL TV STATION IN BAHRAIN. HAMILTON HAS OFFERED NO MORE THAN 50 DOLLARS EACH FOR MPEAA HALF-HOUR FILMS AND HAS CONSEQUENTLY RECEIVED NO MPEAA FILMS FOR TWO YEARS. HAMILTON, DESCRIBED BY MPEAA

AS "THOROUGHLY UNPLEASANT" AND SUFFERING COMMERCIALLY WITHOUT MPEAA FILMS, HAS BEEN MEETING WITH SHUBAILY AND GULF STATE OFFICIALS IN ATTEMPT TO DEVELOP UNITED FRONT TO SUPPORT HIS NEGOTIATIONS. END FYI.

6. DEPARTMENT SUGGESTS PAO INFORM SHUBAILY WE SEE NO POLITICAL OR REVENGE MOTIVATION IN MPEAA PRICE CHANGE FOR REASONS OUTLINED PARAS 1 AND 2 ABOVE. WE BELIEVE MPEAA WILL DISCUSS SHUBAILY CONCERNS SERIOUSLY AND IN GOOD FAITH. AN AREA-WIDE BOYCOTT DOES NOT SEEM TO BE JUSTIFIED BY THE FACTS, AND WOULD CERTAINLY NOT BE HELPFUL IN THE CONTEXT OF OUR OVERALL RELATIONS.

7. PLEASE REPORT PROMPTLY ANY DEVELOPMENTS INCLUDING SHUBAILY ATTITUDE AND REACTIONS AT JANUARY 26 MEETING. DEPARTMENT WILL KEEP POSTS INFORMED OF MPEAA PLANS. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MOTION PICTURES, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchandr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE017173
Document Source: CORE
Document Unique ID: 00
Drafter: RJBUSHNELL:VJW
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750027-0704
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750122/aaaaatai.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 JIDDA 0452
Review Action: RELEASED, APPROVED
Review Authority: buchandr
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2003 by BoyleJA>; APPROVED <30 SEP 2003 by buchandr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THREATENED BOYCOTT OF MPEAA FILMS
TAGS: SCUL, EGEN, XF, MPEAA
To: JIDDA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006